

MEMORANDUM OF UNDERSTANDING BETWEEN THE
THE STATE OF CALIFORNIA
AND THE
GOVERNMENT OF THE KINGDOM OF SWEDEN
ON RENEWABLE FUELS AND ENERGY

The State of California and the Government of the Kingdom of Sweden (herein after referred to as "the Partners") have accepted the Memorandum of Understanding (MOU) as described below:

Whereas the Partners have placed a high priority on sustainable energy policies that will lead to the rational development of Sweden's and California's diversified energy resources while protecting the environment and supporting the economy.

Whereas the current transportation energy mix in California and Sweden is heavily reliant on fossil fuels that contribute to global warming and whereas both the State of California and Sweden have taken leadership positions in reducing greenhouse gas emissions;

Whereas transportation fuels and oil imports are of grave concern to consumers and businesses on account of shortages and price spikes as well as national security and global economic impacts.

Whereas it is critical for California and Sweden to ensure long-term uninterrupted supplies of transportation fuel by developing renewable fuels and whereas the use of renewable fuels will require development of adequate domestic infrastructure including vehicle systems, vehicle refueling facilities, distribution, storage facilities, production facilities, refineries, and conversion facilities.

Whereas surplus biomass resources from agriculture, forestry and urban wastes can be tapped to provide a base for renewable fuels and energy.

Whereas significantly increasing the use of renewable fuels offers both immediate and potential long-term solutions to enhance national security, create new economic opportunities and protect the environment.

Whereas Sweden has taken a leadership role in the development of renewable fuels in the transportation and energy sectors and has developed considerable expertise and knowledge that would benefit key industry and government stakeholders in California and whereas Sweden, specifically, has done more to cost-effectively utilize biogas as a transportation fuel than any other nation.

Whereas successful introduction of renewable transportation fuels will be greatly enhanced if the Partners cooperate to increase the use of renewable fuels.

Whereas cooperation between the parties on developing systems for cost-effectively production of renewable fuels will have an important impact on the introduction of renewable fuels.

Whereas biofuels can offer greenhouse gas reduction benefits and whereas improvements in the use of waste and residues from forests and farms for energy production can actually decrease the greenhouse gas emissions associated with biomass decomposition that would otherwise occur.

Whereas sustained biomass development offers strategic energy supply, economic, social and environmental benefits to California and Sweden, creating jobs through increased private investment within each area; and

Whereas, the Partners in particular are in position to become the key contributors in the emerging renewable fuels economy.

The Partners declare their belief in the importance of striving to:

- proactively pursue the development of climate friendly fuels for transportation and energy;
- reverse over-dependence on volatile foreign oil supplies;
- expand economic opportunities through a cost-effective production and distribution of renewable fuels;
- evaluate the impacts of renewable transportation fuels, with the aim to reduce greenhouse gases and other emissions and improve air quality and the environment;
- encourage distribution of renewable fuels and establishment of refining and refueling facilities;
- promote the inclusion of higher renewable content blends in existing transportation fuels;
- promote policies that result in more fuel-efficient vehicles and give consumers incentives to purchase hybrids or other vehicles that are fuel-efficient and able to run on renewable fuels;
- pursue longer term technology development and demonstrations of domestic transportation fuel options that do not exist today;
- developing biogas technology for vehicles may be a step towards hydrogen-based transportation system;
- encourage continued research and development of production methods and consumption patterns for renewable energy.

Noting that effective cooperation in developing renewable fuels involves planning, analysis, legislation and regulations, policy and program design, funding, evaluation measurement and verification, research and development activities implementation as well as coordination among those responsible for such activities in the government, industry, energy service, non-profit and academic sectors;

Therefore, the Partners have reached the following understanding:

PURPOSE

The purpose of this Memorandum of Understanding (MOU) is to facilitate cooperative activities to advance the common interests of the Partners and their industries in renewable fuels;

Facilitating such cooperation may entail coordination between government agencies and relevant stakeholders;

The Partners may coordinate oversight of efforts made by state agencies to promote the use of biomass resources;

The Partners should strive to exchange and compile information so as to:

- describe the potential resources, technologies, and capabilities of the Partners to develop alternative fuels and the policy measures needed to achieve this potential;
- consider issues of sustainable feedstock development, optimal conversion technologies, and tradeoffs between the market value and the social value of potentially competing uses for the feedstocks;
- seek to identify the possibility of developing demonstration projects for biofuels and energy;
- identify infrastructure necessary for the success of the full range of alternative fuels;
- consider cost and environmental impacts.

Nothing in this MOU shall be legally binding.

AREAS OF COOPERATION

The areas of cooperation under this MOU may include exchange of information, experiences and best practices; training of personnel and capacity building; and technical support in the following areas:

- 1) Legal and regulatory requirements, policies, and funding and incentive mechanisms;
- 2) Program design, administration, implementation, measurement, results assessment and evaluation;
- 3) Renewable fuel technologies and products;
- 4) Renewable fuel and energy feedstocks;

5) Such other areas of cooperation that are beneficial and mutually agreed upon by the Partners;

FORMS OF COOPERATION

The forms of cooperation under this MOU may include the following:

- 1) Establishment of working groups for planning and undertaking of joint studies;
- 2) Convening of workshops, seminars and training programs;
- 3) Exchanges of technical and policy specialists;
- 4) Exchanges of appropriate information, documentation, best practices, and results of research;
- 5) Fostering of cooperative efforts among public and private entities to promote the widespread adoption of alternative and renewable fuels, technologies, products, and services;
- 6) Other forms of cooperation as mutually agreed by the Partners.
- 7) Encouraging of interaction among research institutions and experts in Sweden and California

ADDITIONAL ARRANGEMENTS

When it is the mutual intent of the Partners to undertake any additional forms of cooperation, the Partners may develop additional Arrangements within the context of this MOU.

ADDITIONAL ORGANIZATIONS

The Partners may invite additional organizations within their own countries to participate, at their own expenses and subject to such terms and conditions as the Partners may specify, in cooperative activities under this MOU.

DISPUTES

Any dispute about the interpretation or application of this MOU will be resolved by consultations between the Partners.

DURATION AND EFFECTIVE DATE OF MOU

This MOU will come into effect upon signature. This MOU is intended for a duration of five (5) years or as otherwise decided by the Partners. This MOU may be terminated by either Partner giving six (6) months written notice.

Signed in duplicate in Stockholm on 15 June 2006 in the English language

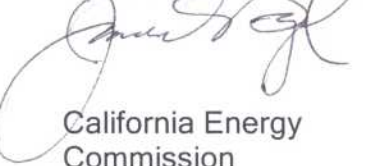
For The Government of the
Kingdom of Sweden


Lena Sommestad
Minister for the Environment

Joseph F. Desmond
Undersecretary for Energy Affairs


State of California
Resource Energy Agency

James D. Boyd
Commissioner


California Energy
Commission